

Message Text

SECRET

PAGE 01 KHARTO 00189 291248Z

45

ACTION AF-18

INFO OCT-01 NEA-11 ISO-00 AID-20 IGA-02 EB-11 OMB-01

TRSE-00 FRB-02 XMB-07 CIEP-02 AGR-20 SCI-06 OPIC-12

COME-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 DRC-01 /191 W

----- 120003

R 291145Z JAN 74

FM AMEMBASSY KHARTOUM

TO SECSTATE WASHDC 7639

INFO AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY ABU DHABI

USINT CAIRO

S E C R E T KHARTOUM 0189

E. O. 11652: GDS

TAGS: PFOR, EFIN, SU, SA, ET

SUBJ: DETAILS \$200 MILLION SAUDI AID TO SUDAN

REF: KHARTOUM 0164

1. SUMMARY. ACCORDING TO THE SUDANESE NEGOTIATOR ON JAN 29, THE \$200 MILLION SAUDI AID FUND IS ACTUALLY A GUARANTEE WHICH WILL PERMIT COMMERCIAL FINANCING OF AN INTERNATIONAL DEVELOPMENT BANK IN KHARTOUM WHICH, IN TURN, WILL FINANCE SPECIFIC SUDANESE DEVELOPMENT PROJECTS. END SUMMARY.

2. MINSTATE FOR SPECIAL PRESIDENTIAL AFFAIRS DR. BAHU AL-DIN IDRIS (WHO NEGOTIATED DEAL WITH SAG) GAVE ME DETAILS \$200 MILLION SAUDI AID SUDAN (REFTEL) JAN 29. ACCORDING IDRIS, \$200 MILLION FIGURE IS ACTUALLY A SAG GUARANTEE AGAINST WHICH GOS WILL HAVE NO DIFFICULTY RAISING \$200 MILLION IN COMMERCIAL LOANS FROM EUROPEAN AND AMERICAN BANKS. THAT SUM WILL BE PUT

SECRET

SECRET

PAGE 02 KHARTO 00189 291248Z

ON DEPOSIT WITH CHASE MANHATTAN FOR SIX MONTHS WHILE PROJECTS

ARE BEING READIED.

3. \$200 MILLION FUND WILL THEN BE USED FINANCE ESTABLISHMENT INTERNATIONAL DEVELOPMENT BANK IN KHARTOUM WHICH WILL, IN TURN, HANDLE SPECIFIC DEVELOPMENT PROJECTS. IDRIS MENTIONED THIS CONNECTION THE PROPOSED PETROLEUM REFINERY-PETRO CHEMICAL-FERTILIZER COMPLEX TO BE CONSTRUCTED PORT SUDAN FOR EXPORT PURPOSES. SAG IS EXPECTED GUARANTEE CRUDE SUPPLIES THIS INSTALLATION FOR 15-20 YEARS. (KHARTOUM 111). IN ORDER RAISE ADDITIONAL FUNDS FOR IMMEDIATE CONSTGETION, IDRIS SAID GMS MIGHT POSSIBLE "MORTGAGE" THAT GUARANTEE. HE CLAIMED FEASIBILITY STUDY SHOWED THIS TOTAL PROJECT TO BE SELF LIQUIDATING IN FOUR YEARS.

4. IDRIS THEN MENTIONED MAJOR AGRICULTURAL PROJECT ALONG NILE SOUTH OF DONGOLA IN WHICH AMERICAN FMC REPEAT FMC COMPANY INTENDS DEVELOPMENT 300,000 ACRES FOR FARMING AND CATTLE RAISING. FMC TEAM JUST LEFT AFTER LATEST SURVEY OF PROJECT AND IDRIS EXPECTS ENTHUSIASTIC RESPONSE SHORTLY. HE COMMENTED EXPANSIVELY THAT "WE LEAVE IT UP TO FMC" ANOTHER PROJECT WOULD BE ENTIRELY GOS FINANCED THROUGH PROPOSED DEVELOPMENT BANK OR ZHMOZER FMC WOULD TAKE EQUITY INTEREST. OTHER PROJECTS PENDING INCLUDE SUGAR MILLS AND HOTEL CONSTRUCTION.

5. IDRIS EMPHASIZED SUDANESE PEOPLE NO LONGER PREPARED ACCEPT SLOW DEVELOPMENT WHICH WAS ALL SOCIALISM COULD PROMISE. WHILE SUDAN HAD HAD GOOD RECORD ABROAD PRIOR 1969, SOCIALIST/COMMUNIST EXPERIMENT IN ENSUING TWO YEARS HAD BLOTTED *OUNTRY'S ESCUTCHEON. SAUDI FINANCIAL AID THUS WAS IMPORTANT NOT ONLY IN ITSELF BUT ALSO AS PROVIDING ASSURANCE THAT SUDAN HAS RETURNED TO FOLD OF COUNTRIES INTERESTED IN RAPID DEVELOPMENT USING PRIVATE ENTERPRISE AND FOREIGN INVESTMENT. HE HOPED AMERICAN FIRMS WOULD COME FORWARD TO ASSIST.

6. TO RAISE ADDITIONAL CAPITAL FOR URGENT PROJECTS, IDRIS SAID SUDAN ALSO CONTEMPLATED FLOATING WO SPECIAL \$100 MILLION BOND ISSUES IN KUWAIT AND ABU DHABI. HE DESCRIBED BOTH COUNTRIES AS POSSESSING LARGE RESERVES FUNDS AVAILABLE FOR THE ASKING AND VOICED OPTIMISM BOTH ISSUES WOULD BE SUCCESSFUL. (FYI. IDRIS TENDS SPEAK ENTHUSIASTICALLY. WE ASSUME THIS PROJECT MAY STILL BE IN FORMATIVE STAGES.) IN RESPONSE MY QUESTION,

SECRET

SECRET

PAGE 03 KHARTO 00189 291248Z

IDRIS SAID LONG PLANNED JONGELEI CANAL PROJECT WOULD NOT REPEAT NOT BE FINANCED THROUGH PROPOSED NEW DETLOPMENT BANK. SINCE EGYPTIANS WOULD GET SUBSTANTIAL BENEFITS THEREFROM, IT WAS UP TO EGYPTIANS TO HELP ON FINANCING. HOWEVER, CAIRO

HAD SO FAR SHOWN LITTLE INTEREST, SAID IDRIS, COMPLAINING THAT EGYPTIANS SEEM MOST RELUCTANT INVEST FUNDS OUTSIDE EGYPT.

7. COMMENT. ANNOUNCEMENT \$200 MILLION SAUDI AID HAS DONE MORE THAN ANYTHING IN RECENT MONTHS TO BURNISH NIMEIRI'S DOMESTIC IMAGE. IF, IN FACT, PROJECTS NOW MOVE FORWARD MORE RAPIDLY, THIS EXERCISE COULD WELL HAVE SIGNIFICANT IMPACT ON

REGIME'S MEDIUM-TERM PROSPECTS. EXERCISE EXPECTED BE UNDER UMBRELLA SAUDI FINANCIER KASHOGGI'S TRIAD CORP WHICH HAS AMERICAN CONNECTIONS. HOWEVER, EMBASSY SUBMITTING SEPARATE UNCLASSIFIED MESSAGE TO COMMERCE FOR ATTENTION INTERESTED AMERICAN FIRMS. BREWER

SECRET

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, AGRICULTURAL DEVELOPMENT, SUGAR, CONSTRUCTION, COMMERCIAL LOANS, DEVELOPMENT LOANS, DEVELOPMENT PROGRAMS, FERTILIZERS, HOTELS
Control Number: n/a
Copy: SINGLE
Draft Date: 29 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974KHARTO00189
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: n/a
From: KHARTOUM
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974019/aaaaaicl.tel
Line Count: 125
Locator: TEXT ON-LINE
Office: ACTION AF
Original Classification: SECRET
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: n/a
Reference: KHARTOUM 0164
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 13 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <13-Aug-2002 by rowelle0>; APPROVED <13 DEC 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: DETAILS \$200 MILLION SAUDI AID TO SUDAN
TAGS: PFOR, EFIN, SU, SA, ET, EG
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005